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National
Home Center News®

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Stripling Blake, known for its decorative department, is planning to open a second unit in Austin, Tex., to help increase the DIY side of its business. NHCN photo

Stripling Blake planning second unit to open in '87

By Elizabeth Brent
NHCN staff editor

AUSTIN, Tex. — Stripling Blake, the 46-year old, single-store independent here plans to expand, beginning with a second unit in January 1987. The company expects to close the deal on the 6-acre site, in southwest Austin this month.

"We are very cautious when it comes to growth plans," said Don Strickland, vp purchasing. "We've been talking about another location for ten years."

The new store will help increase the DIY side of Stripling Blake's business, which dipped below 20% the last two years and which the company hopes to increase to a solid 25% by 1987.

Increasing retail sales is particularly important since contractor sales fell by 28% in 1985. Building slowed dramatically in Austin in 1985, as the city council attempted to control the growth of the town and banks tightened their lending, leaving a large inventory of high-priced homes.

So far there has not been an invasion of chain operations in Austin as has happened in other Texas markets recently. To some extent Stripling Blake's expansion plans are intended

(Continued on page 61)

Wickes affirms DIY stance; sells other retail chains

By Brad Altman
NHCN staff editor

SANTA MONICA, Calif. — Wickes Cos. has decided to dispose of its "general retail" chains—apparel and discount stores, mostly—but company officials say they are not planning to sell their lumber and DIY-oriented businesses such as Wickes Lumber and Builders Emporium.

Putting the general-retail chains on the selling block comes in the aftermath of Wickes' purchase of Gulf & Western's consumer and industrial products businesses last year, which cost Wickes $1 billion in cash.

Wickes is now focusing on three main segments, Wickes executive vp and cfo Wilhelm Mallory told *NHCN*. The segments are:

- Building materials, home improvement and home furnishings;
- Apparel and hosiery manufacturing;
- Hardlines manufacturing services, including auto aftermarket goods.

This refocusing indicates that Wickes is making a

(Continued on page 62)

Hardware Show expansion 'a go' but contingency plans in works

By Gary S. Ruderman
NHCN staff editor

CHICAGO — National Hardware Show officials are confident the 534,000-sq.-ft., unfinished McCormick Place expansion will be ready by the August show time but contingency plans have been laid.

In a letter to exhibitors late last month Julie Prazmark, vp and show manager of Cahners Exposition Group, set a June 15th decision date as to whether half of last year's 2,900 exhibitors will indeed occupy the new McCormick Place North

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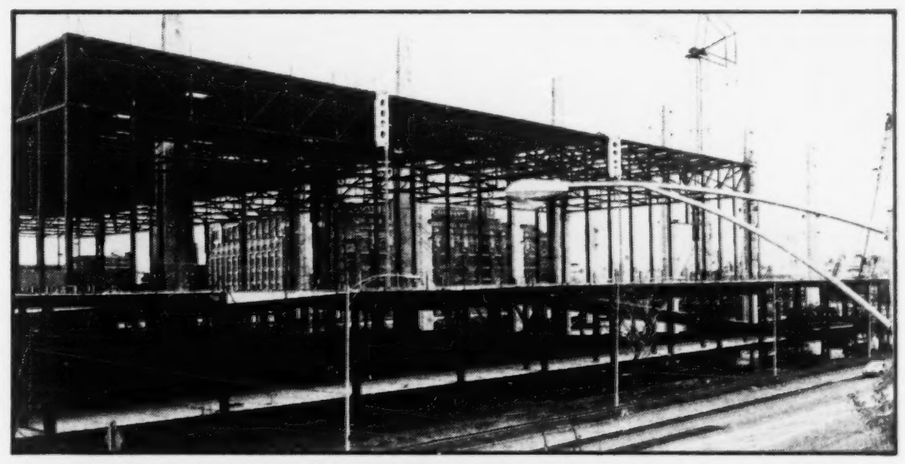

The McCormick Place expansion, shown in an early phase of construction, has been plagued with problems but is expected to be completed in time for the National Hardware Show in August.

European firms look abroad for growth

By John Caulfield
NHCN staff editor

COLOGNE, West Germany — On March 10 Marley Ltd., a manufacturer based in Great Britain, was scheduled to deliver its first container shipment of PVC folding doors to the United States. It will distribute the merchandise through an agreement it has struck with Clopay, the Cincinnati manufacturer.

Marley gets 80% of its estimated $32 million in annual sales from a European DIY market that "is growing, but not as fast as it has in the past," said Walther De Boer, Marley's export director.

The current state of the market, and the relatively modest prospects for growth projected for it over the rest of the decade find a number of European manufacturers, like De Boer, claiming that exportation to the U.S. and beyond could be their companies' salvation.

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Retailers gather at the workshop set up in the middle of booth run by Robert Bosch GmbH, West Germany's largest power tool maker, during last month's International Hardware Fair held in Cologne's Köln Messe. NHCN photo

Grace sells Herman's; other talks continue

By an NHCN staff editor

NEW YORK — W. R. Grace, which put its entire retail empire on the selling block last December, has agreed to sell one chunk of the retail group for $227 million—its 56% ownership stake in 131-unit Herman's Sporting Goods.

But Grace has still not responded to any offers by either its own employees or outside bidders for the remaining retail stores which include 317 home centers and 376 specialty stores.

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Inside

Perspectives: While some retailers have succeeded with installed sales programs, others have found them difficult to manage. **19**

Editors journal: *NHCN* editors test the pulse of the Home Center Show and spend time walking the floor with a buyer. **28**

Show report: Seminars at this year's National Home Center Show ran the gamut from store level operations to strategic planning. **35**

Merchandising: Some firms are taking the first tentative steps to introduce housewares into their product mixes. **47**

Newsbreaks

RUDOLPH L. HIRSCH DIES: Rudy Hirsch, 57, executive vp and chief administrative officer of HomeClub, Fullerton, Calif., and former senior vp of Federated Department Stores, died suddenly March 23 in his sleep.

LUMBER VOLUME SOARS: U.S. lumber manufacturers received the highest volume of orders for a single week since the recession during the first seven days of March, according to *Random Lengths*, a financial newsletter which monitors the lumber industry.

Industry Update

Lloyd unveils new prototype

DANBURY, Conn. — Lloyd Home and Building Centers, a 35-unit retailer based here, last month unveiled its new prototype unit in Poughkeepsie, N.Y., located about two hours north of New York City, in the Hudson Valley region of New York State.

The store, a replacement unit for Lloyd in the city, opened on March 22 to record crowds and sales receipts. It tallied $37,000 in sales its opening day, the biggest single grand opening day the company has ever recorded, according to Steve Shepherdson, vp-operations.

The Poughkeepsie store has a 30,000-sq.-ft. retail showroom and a 10,000-sq.-ft. drive-through which opens onto a contractor sales desk at the rear of the store.

But the focal point of the unit is its 1,000-sq.-ft. "Ask Me Howse," a fully-framed house featuring cutaway sections to show consumers how the house was built. A customer service desk is in front of it.

Mr. Goodbuys opening 5 in N.Y.

PHILADELPHIA — Mr. Goodbuys will open five stores in the Long Island market, according to Steven Erlbaum, chairman of the Philadelphia-based chain. At least one of these will be built from the ground up, a departure from its usual policy of developing second-use sites. Erlbaum said the company is now negotiating leases.

Sequoia Supply moves to Calif.

IRVINE, Calif. — Sequoia Supply, the largest independent building materials distributor in the country, is pulling out of the Pacific Northwest and moving its headquarters from Wilsonville, Ore., to this Orange County city.

Sequoia Supply President Paul W. Hylbert Jr. said Northwest operations were shuttered because "we were not getting satisfactory return (on investment) in the short-term" in Oregon and Washington state.

A unit of Wickes Cos., Sequoia Supply has 750 employees and operates a fleet of 175 trucks and 33 distribution centers in more than 20 Midwest, Southeast and Western states. Sales last year were $275 million.

National to complete renovations

FOUNTAIN VALLEY, Calif. — National Lumber said renovation and restructuring of its 14 older home centers will be completed this year.

Craig Schumacher, operations vp of the 19-store southern California chain, said the rehab program will make the older units conform to the layout of the five newest National Lumber units.

Stocks continue to gain ground

NEW YORK — Home center industry stocks continued their impressive climb during the two-weeks ended March 21, as gainers outnumbered losers 41 to 14. The *NHCN* Home Center Retailers Index closed the period at approximately 126.0, its highest point in over a year.

Erb Lumber led the retailer gainers list, climbing 28% to $64 per share on March 21. Forest City Enterprises also reported a healthy increase of 23.4% to $29.

Other gainers were Wickes Cos., up 16.3% to $6.25, K mart Corp., up 13.5% to $44.13, Zayre Corp., up 9% to $70.88, and Palmer G. Lewis, up 19.7% to close at $9.88.

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41 Gainers

Unchanged 2

Losers 14

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Vol. 12, No. 8 April 7, 1986

Star opens doors for Sunday biz

By Phillip M. Perry
NHCN staff editor

WICHITA — Bowing to the increasing pressures of a stagnant market environment, Star Lumber said it would begin opening its three stores on Sundays, starting in mid-April. The stores will be open from 10:00 a.m. until 5:00 p.m. that day.

The additional hours are expected to increase the chain's revenues by approximately 10%, as a result of increasing sales to consumers. Last year, the company posted revenues of $46 million, about half of which were from the contractor market.

"This is basically an opportunity to get some sales from Payless Cashways and Sutherland Lumber," said David Gregory, advertising manager for Star. Those two chains, which have operated their stores on a seven-day-a-week basis for many years, each operate two units in the Wichita market. The city is also served by other consumer-oriented stores such as two Pay 'N Pak stores and a Diamond Lumber outlet.

Gregory noted that the decision by Star represented an effort to increase revenues and profits by capturing more market share in an environment that has been far from robust for the past five years. The three major industries for the city—agriculture, oil, and

(Continued on page 61)

Analysts upbeat at DIY seminar

By an NHCN staff editor

NEW YORK — Most of the nearly 180 securities analysts attending the Sixth Annual Investment Community Seminar on the Do-It-Yourself Industry were in agreement on one thing: 1986 has turned into a surprise event.

Over the first three months of the year, home center stocks, which were supposed to have continued last year's lackluster performance, have gone through the roof. The market prices of nine commonly traded building materials retailers stocks have climbed an average of 26.8% since late last December—over twice the 11.9% increase in the Standard and Poor's 500 Index.(The nine building materials stocks are: Hechinger, Handyman, Home Depot, Lowe's, Pay 'N Pak, Payless Cashways, Scotty's, Standard Brands Paint, and Color Tile.)

Now, analysts are much more optimistic than they were three months ago on the future of the securities. Many of those attending the event, held at the Waldorf-Astoria March 20, attributed the recent rebound in stock prices to a public reaction to the new, higher housing forecasts being made by the nation's economists. Among those expressing such an opinion was Farrokh M. Deboo, an analyst at Citicorp Investment, New York.

Leonard Herring, president of Lowe's, the $2 billion home center chain based in North Wilkesboro, N.C., noted that analysts following his company felt the higher level of predicted housing starts

(Continued on page 61)

NHCN launches toll-free News Hotline for readers

By an NHCN staff editor

NEW YORK — National Home Center News has launched a new national toll-free News Hotline designed for readers to call and report industry-related news developments. The phone number is 1-800-NHC-NEWS (1-800-642-6397).

The News Hotline, which went into service April 1, provides readers outside New York state with direct toll-free access to the NHCN news desk in New York City for reporting tips and information about fast-breaking news and other developments of interest to the home center industry.

Who can use it? Anyone calling from anywhere in the United States, including Hawaii, except Alaska and New York State. Callers from New York and Alaska can reach NHCN by dialing 212-371-9400 and asking for extension 232.

What type of calls will be accepted? Any call offering information about events or developments occurring on a local, regional or national basis,

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Perspectives — *cover story*

RETAILERS WRESTLE WITH INSTALLED SALES PROGRAMS

For some, installed sales have increased turns and projected an atmoshpere of authority. For others, installed sales have been a strain to manage because much of the success is dependent on the quality of the workmanship of outside contractors—**19**

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PPG accelerates plans for closing of remaining stores

By Phillip M. Perry
NHCN staff editor

PITTSBURGH — PPG Industries, maker of Pittsburgh Paints, said that it planned to close all 137 of its remaining specialty paint stores by the end of 1987. The $4.3 billion company, which has been in the process of closing its paint stores for the past several years, said that it was accelerating the program as a result of several market forces. The company operated as many as 350 stores several years ago.

"There is no question that the growth in the home center type of store has taken away some of the traffic in the smaller stores," said James Compton, director of investor relations for the company. "We have not operated these stores as home centers, but have restricted them to our own products.

"The combination of high labor costs, with a limited amount of volume going through the stores, meant that they were not meeting our standards for profitability," added Compton.

Compton said that the existence of the stores was hampering the company's new effort to expand distribution of Pittsburgh Paints through independent retailers, a strategy the company feels will be much more profitable than trying to operate its own stores.

Because all of PPG's stores operated from leased facilities, no sale of capital assets, with attendant write-downs, will be necessary. The inventory of the stores is expected to be transferred to distributors.

PPG does not release revenues totals for its retail outlets. Marjorie A. Crough, senior analyst at Value Line, the New York-based investment research firm, estimates that sales of household paints at PPG total some $300 million to $400 million, but cautioned that much of that figure went to distributors rather than through PPG's own stores.

"I think the move is long overdue," said Crough, speaking of PPG's divestiture of its retail outlets. "The retail stores are the one and only area where I see they have sort of slipped." The move by PPG, she noted, comes at a time when paint margins have generally suffered at retail stores. Like other players in the field, PPG has had to go up against Sears.

A perceived softening in consumer demand for paint is yet another force that Crough said has led to PPG's latest move. She said that consumer paint sales at DeSoto, the $407 million Des Plaines, Ill.-based company that supplies Sears with its paint, had dropped by 10% over the past 12 months. Diminished demand was bound to play a major role in depressing margins.

Utah retailer files for Chapter 11

By Brad Altman
NHCN staff editor

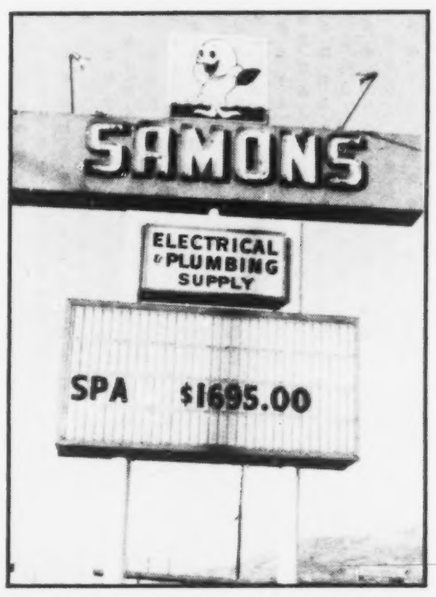
NORTH SALT LAKE, Utah — Samon's DIY Centers, a 13-unit retailer specializing in electrical, plumbing and heating/air conditioning, filed March 7 for Chapter 11 court protection under the Federal bankruptcy laws.

David B. Coats, the company's chairman and founder, said the Chapter 11 filing would allow Samon's to continue operating while it tries to work out a plan to repay its debts.

In a related development, Coats said Samon's is exiting the Nevada market where there are two Samon's stores in Las Vegas. The remaining 11 Samon's are in the greater Salt Lake City area.

Samon's closed one Las Vegas store in late March and will close the remaining unit in early May.

Samon's, with annual sales of $12 million, has 316 creditors and $4.5 million in assets, according to John Straley, an attorney for Samon's.



Samon's DIY Centers filed for Chapter 11 on March 7 due to a cash flow problem. NHCN photo

Straley said Samon's is "actively negotiating with a publicly held company for the acquisition of Samon's." The company is reportedly not in the home improvement business.

"The probability of a successful reorganization is greatly enhanced by the prospect of a merger," Straley said. "As part of a plan of reorganization, a publicly held company could issue stock to unsecured creditors." In effect, existing unsecured debts could be converted into common shares.

Straley said Samon's decision to seek court protection was prompted by a "cash flow problem. Samon's took on a pretty heavy debt service in the early 1980's and couldn't get out of it. It got caught in financial straits."

Coats said Samon's owed a major vendor, he declined to identify, "a substantial amount of money," and, because the vendor "could no longer wait, that left us no choice but to file. We just didn't have the cash to pay off the debt."

Samon's was a two-unit chain in 1967 when Coats and two high school classmates purchased it from Dick Samon. The company expanded slowly over the years and closed a unit in Idaho Falls, Idaho, three years ago, Coats said.

NLBMDA battles to defeat import restriction bills

By Milford Prewitt
NHCN staff editor

WASHINGTON — The voices of opposition to tariffs on Canadian lumber grew louder when the National Lumber & Building Material Dealers Association stepped up its continuing campaign to persuade Congress to defeat import restriction bills.

The NLBMDA's long-held condemnation of lumber tariff proposals was reaffirmed during the group's annual Conference with Congress. About 130 delegates representing 25 regional member associations attended the three-day affair last month, which was capped off by day-long visits to the offices of the lumber dealers respective representatives in the House and Senate.

The NLBMDA's annual legislative conference is designed to give building material dealers an opportunity to exchange views on federal legislation that may impact on lumber distribution, pricing, housing construction, home remodeling and home buying.

Besides the Canadian lumber import issue, the group also addressed and formulated opinions on six other issues affecting the industry. These included the insurance liability crisis, product liability, tax reform, the Gramm-Rudman-Hollings Act, the Gramm-Rudman-Hollings Tax Increase and anti-polygraph legislation.

To acquaint the delegates with the finer points and potential ramifications of the major issues, the association conducted a "Dealers' Congress," a mock legislative forum in which both sides of the issues were debated by Harry Horrocks, director of governmental affairs

(Continued on page 61)

Leading home improvement center TV advertisers—1985

	1984	1985	% change
Payless Cashways	$5,430,000	$6,010,000	+ 11
Payless Cashways (Multimarket)	2,513,200	3,084,500	+ 23
Furrow's (Multimarket)	1,753,200	1,816,900	+ 4
Lumberjack (Sacramento)	822,600	604,500	− 27
Somerville (Boston)	341,000	504,100	+ 48
The Home Depot (Multimarket)	2,315,100	4,566,400	+ 97
Wickes	3,000,900	3,605,400	+ 20
Builders Emporium (Multimarket)	2,400,700	3,300,800	+ 37
Wickes Lumber Building Supply	600,200	304,600	− 49
W. R. Grace	2,696,500	3,236,300	+ 20
Ole's Home Centers (L.A., Phoenix)	1,533,000	1,855,900	+ 21
Handy Dan's (Dallas)	549,700	428,800	− 22
Home Quarter Warehouse (Norfolk)	—	437,900	+ inf.
Allwoods (Albuquerque)	180,500	287,500	+ 59
House Works (New Orleans)	—	115,700	+ inf.
Handy City (Multimarket)	51,100	100,300	+ 96
Channel (New York)	—	10,100	+ inf.
Angels (Multimarket)	382,200	—	− 100
Mr How's Warehouse (Multimarket)	295,300	2,596,700	+ 779
Lowe's (Multimarket)	1,755,800	2,338,400	+ 33
Pay 'N Pak (Multimarket)	43,100	2,303,200	+5,244
National Lumber (Los Angeles)	1,814,600	1,975,100	+ 9
Builders Square (Multimarket)	1,553,400	1,967,800	+ 27
Sutherland Lumber (Multimarket)	2,757,400	1,786,600	− 35
Plywood Minnesota (Multimarket)	1,270,800	1,468,100	+ 16
Hechinger Lumber (Multimarket)	1,694,100	1,081,500	− 36
HomeClub (Multimarket)	—	1,033,300	+ inf.
Handy Andy (Chicago)	658,600	916,900	+ 39
Forest City (Cleveland, Detroit)	142,600	859,300	+ 503

inf.—infinite

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data. Co-op advertising is credited by BAR to the manufacturer and is not included in the above.

Home centers fastest growing in TV ads:TvB

By Elizabeth Brent
NHCN staff editor

NATIONAL REPORT — The home center industry has become the fastest growing retail segment in use of television advertising, according to the Television Bureau of Advertising.

Last year the leading 15 home center companies in TV use spent $37.6 million on TV advertising, 39% more than in 1984, according to TvB. Of this amount, $10.14 million, or 30%, came from four warehouse companies: The Home Depot, Mr. HOW, Builders Square, and HomeClub as they expanded into new markets, and spent significantly on TV advertising with grand opening and price and item commercials.

While Payless Cashways, the Kansas City, Mo.-based chain maintained its position as the leading spender with $6 million, a rise of 11% over 1984, Atlanta-based Home Depot moved into second place and spent $4.6 million dollars in 1985, 97% more than in 1984.

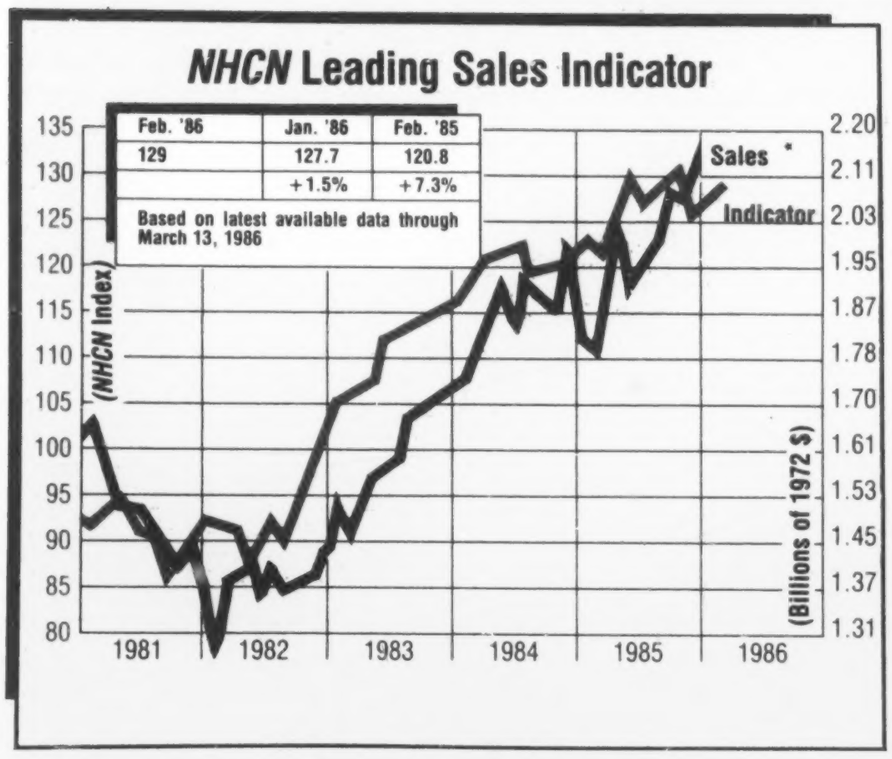
Mr. HOW Warehouse, based in Margate, Fla., opened 24 stores in 1985, and spent 779% more on TV than in 1984 with a total of $2.59 million, placing it fifth and close behind the entire W.R.Grace home center division, which spent $3.24 million. Builders Square, based in San Antonio spent 27% more on TV advertising in 1985, with just under $2 million. HomeClub, the Fullerton, Calif.-based chain appeared on TV for the first time in 1985 and spent $1 million and joined the leading home center spenders at 13th position.

TV advertising played a major part in Pay 'N Pak's advertising budget in 1985, as the Kent, Wash.-based chain opened stores in the San Francisco market and spent a total of $2.3 million, 5,244% more than in 1984.

A surge in multi-media advertising at Builders Emporium resulted in $3.3 million spent on TV in 1985, out of a $3.6 million total for Wickes Companies, based in Santa Monica, Calif., according to the TvB estimates.

"We increased the intensity of print and TV advertising in existing markets in 1985," said Michael Sitrick, vp advertising, Wickes Companies.

(Continued on page 62)



*—Monthly retail trade building materials and supplies in 1972$.

Indicator—Represents projected level of retail trade building supply activity four to six months out from current months. Data based on real personal income, housing starts, resales, prime rates and other data.

West North Central region's '86 sales will rebound to match national average

By Richard E. Mount
Special to NHCN

West North Central states rebound

As a region, the West North Central states are headed for a 10.5% increase in building material sales this year, 7% after adjusting for inflation. Sales will be very strong in Minnesota and Missouri but sales in other states in the area will be weak.

In 1985, the real volume of building material sales in the West North Central area was off 2%, while the national average was up 5%. Some economies in the region are based on manufacturing, which suffered in 1985 from increased imports. But most of these

Richard E. Mount

states are agricultural. Farm net cash income was down 3% to $38 billion, as prices for corn, soybeans and meat animals dropped. The strong dollar hurt U.S. agricultural exports, and expanded farm production in other countries increased competition in traditional overseas markets. But net cash income was bolstered by government subsidies and lower-than-expected expenses.

In 1986, sales in the region will match the national average. Manufacturing sectors will benefit from improvements in capital spending and defense, and from the declining dollar. Farm net cash income, which will decline to $37 billion, will duplicate the 1985 pattern. But energy-producers in the region will be hard hit during the coming year as falling oil prices harm coal, crude oil and natural gas min-

(Continued on page 5)

Home Center Industry Regional Outlook

		1985				1986						
		1Q	2Q	3Q	4Q	1Q^p	2Q^p	3Q^p	4Q^p	1984	1985	1986^p
***NHCN* Leading Sales Indicator** (January 1980 = 100)		120.2	124.3	125.2	123.5	128.8	130.1	129.7	129.4	117.8	123.3	129.5
Building Material Retail Sales												
Current	Total U.S. ($ millions) SAAR	50,468	53,012	53,248	56,676	56,700	57,958	58,921	59,839	49,774	53,534	58,355
	New England	2,504	2,881	3,205	3,448	3,595	3,651	3,671	3,686	2,743	3,010	3,651
	Middle Atlantic	6,183	7,084	7,341	8,264	7,898	8,108	8,178	8,282	6,373	7,218	8,117
	East North Central	7,226	8,531	8,529	8,989	8,993	9,181	9,363	9,556	7,935	8,319	9,273
	West North Central	3,252	3,837	3,805	4,014	3,980	4,040	4,095	4,133	3,720	3,727	4,062
	South Atlantic	11,089	11,073	10,769	11,764	11,590	11,928	12,238	12,453	10,234	11,174	12,052
	East South Central	2,677	2,894	3,027	3,186	3,272	3,391	3,482	3,584	2,723	2,946	3,432
	West South Central	6,199	6,208	5,772	6,037	5,772	5,842	5,821	5,828	6,089	6,054	5,816
	Mountain	2,678	2,589	2,594	2,724	2,733	2,811	2,881	2,938	2,617	2,646	2,841
	Pacific	8,660	8,107	8,206	8,230	8,868	9,007	9,192	9,377	7,340	8,306	9,111
Constant	Total U.S. (1972 $ millions) SAAR	22,284	23,484	23,690	25,108	24,870	25,170	25,335	25,475	22,623	23,642	25,213
	New England	1,106	1,276	1,426	1,527	1,577	1,586	1,578	1,569	1,247	1,334	1,578
	Middle Atlantic	2,730	3,138	3,266	3,661	3,464	3,521	3,516	3,526	2,896	3,199	3,507
	East North Central	3,191	3,779	3,795	3,982	3,944	3,987	4,026	4,068	3,606	3,687	4,006
	West North Central	1,436	1,700	1,693	1,778	1,746	1,754	1,761	1,760	1,691	1,652	1,755
	South Atlantic	4,896	4,905	4,791	5,212	5,083	5,180	5,262	5,301	4,652	4,951	5,207
	East South Central	1,182	1,282	1,347	1,411	1,435	1,472	1,497	1,526	1,238	1,306	1,483
	West South Central	2,737	2,750	2,568	2,674	2,532	2,537	2,503	2,481	2,769	2,682	2,513
	Mountain	1,182	1,147	1,154	1,207	1,199	1,221	1,239	1,251	1,189	1,173	1,227
	Pacific	3,824	3,591	3,651	3,655	3,890	3,911	3,952	3,992	3,336	3,680	3,936
Per Cent of U.S. Total												
Current	Total U.S. ($ millions) SAAR	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	New England	4.96	5.43	6.02	6.21	6.34	6.30	6.23	6.16	5.51	5.64	6.26
	Middle Atlantic	12.25	13.36	13.79	13.86	13.93	13.99	13.88	13.84	12.80	13.53	13.91
	East North Central	14.32	16.09	16.02	15.88	15.86	15.84	15.89	15.97	15.94	15.59	15.89
	West North Central	6.44	7.24	7.15	7.08	7.02	6.97	6.95	6.91	7.47	6.99	6.96
	South Atlantic	21.97	20.89	20.22	20.44	20.44	20.58	20.77	20.81	20.56	20.94	20.65
	East South Central	5.30	5.46	5.68	5.77	5.77	5.85	5.91	5.99	5.47	5.52	5.88
	West South Central	12.28	11.71	10.84	10.54	10.18	10.08	9.88	9.74	12.24	11.35	9.97
	Mountain	5.31	4.88	4.87	4.83	4.82	4.85	4.89	4.91	5.26	4.96	4.87
	Pacific	17.16	15.29	15.41	15.40	15.64	15.54	15.60	15.67	14.75	15.57	15.61
Industrial Production												
Index (1977 = 100)	Brick	86.6	87.5	91.3	88.4	91.7	92.6	92.4	91.8	83.1	88.6	92.1
	Cement	103.9	110.0	106.5	99.8	103.7	106.9	106.4	106.1	102.1	105.6	105.8
	Gypsum Mallboard	116.0	127.7	129.6	131.2	131.8	132.7	130.1	125.8	119.2	126.1	130.1
	Hardware	102.2	102.7	99.2	99.0	102.6	103.6	104.6	103.3	100.6	100.8	104.0
	Lumber Products	118.1	121.8	126.1	126.6	127.3	128.2	126.9	125.8	119.0	123.2	127.1
	Paint	102.5	106.0	98.2	100.0	103.2	104.7	105.9	107.1	102.6	101.7	105.2
	Plywood	130.7	137.1	144.3	144.8	145.2	145.2	144.8	141.1	129.5	139.2	144.0

Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development
March 13,1986

The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales; and industrial production. The *NHCN* Leading Indicator runs every issue.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart
Source: Merrill Lynch Economics for *NHCN*

BUSINESS WATCH

West North Central states '86 building material sales head for 10.5% increase

(Continued from page 4)

ing regions.

Strongest growth states

Building material sales will grow best in Minnesota and Missouri in 1986. Their economies are based in manufacturing, and agricultural production is largely dairy and will not suffer as much from price weakness as corn and wheat. In both states, resales and starts gained in 1985.

Minnesota's building material sales will gain 12% in real volume in 1986. Manufacturing is concentrated in office machines, computers, chemicals and automobiles—markets that will be strong in 1986. Agriculture revolves around dairy farming, a healthier farm sector. Last year resales rose 13%, starts 10% and employment 1.4%. Strong housing and employment will help spending on additons and alterations.

Missouri's building material sales will increase 10% in real terms this year. The state's manufacturing sector is concentrated in autos, trucks, and facilities for defense and aerospace industries. Last year resales rose 6%, starts 11%, and employment was unchanged. Missouri's farm sector is the smallest in the region.

Soft growth states

Building material sales in the farm states of Kansas and Nebraska will change little in 1986. Their agricultural and manufacturing bases will not support a strong gain.

Building material sales will rise 1% in Nebraska this year. The state lacks a major manufacturing sector and agriculture is centered about corn, hops and soybeans. Resales softened only 2% last year although housing starts fell 19%. But employment increased 1.2%. The strength in employment and resales will increase maintenance and alteration spending.

Sales will be unchanged in Kansas this year. Wheat and cattle-raising are essential to the agricultural sector and manufacturing is based in aircraft, autos, and defense. In 1985, resales were down 5% and starts 15%. Employment gained 1%.

Declining states

Sales in South Dakota, Iowa and North Dakota will be the worst in the region. The kind of agriculture and manufacturing relied on and a dependence on energy-related industries will keep these states in decline.

Building material sales in South Dakota will decline 2% this year after adjusting for inflation. Farming revolves around beef, hogs, and lamb, whose sales will improve marginally. The state's manufacturing is primarily food processing. Last year resales declined 3%, housing starts 38%, but employment was unchanged—a combination that will limit building material sales.

Iowa building material sales will decline 3% this year. Its economy depends on corn and soybeans. Although the outlook for soybeans has improved, prospects for corn have weakened. Iowa manufacturing centers in farm machinery. Last year's resales were down 6%, starts 17%, and employment almost 1%.

In North Dakota, the real volume of building material sales will decline 6%. The farm sector concentrates on wheat and livestock. Although the outlook for wheat is poor, the livestock situation will improve in 1986. Manufacturing is geared towards farm machinery.

Richard E. Mount is senior economist and manager of housing and construction material research for Merrill Lynch Economics.

Building Material and Supply Sales Regional Outlook for 1986
(Constant dollar sales growth)

United States +7
Merrill Lynch Economics

Minnesota and Missouri will lead the way in building material sales gains in the West North Central states this year. Sales for the region are forecast to rise 7%, after adjusting for inflation, a 2% real decline from last year.

Formica acquires building product co.

By an NHCN staff editor

WAYNE, N.J. — The Formica Corp. of Wayne, N.J. has acquired Wildon Industries, a manufacturer of diversified resin-based building products, according to Formica's chairman and ceo, Gordon G. Sterling.

Wildon's products will be marketed by Formica under the name Formica(R) brand 2000X, a cast marble product.

Initially, Formica(R) brand 2000X will be available in sheets and molded shapes on a regional basis. The sheets will be produced in three thicknesses, 5/16-in., 1/2-in. and 3/4-in., and widths of up to 36 in. and lengths to 145 in. They will be available in three colors: frost white, almondine, and frost beige.

Sterling named Dr. S. Giddings general manager of Wildon on Feb. 25. Assisting him will be Richard Jaisle, operations manager and Glenn Thomson, marketing manager. Dr. Robert Williams, Helen Williams and Helen Kostevicki, founders of Wildon, will remain with the company.

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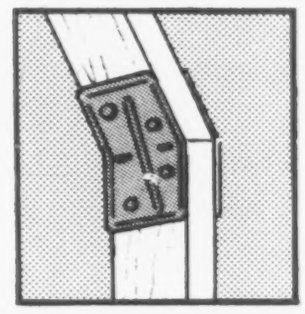

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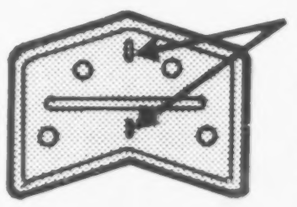

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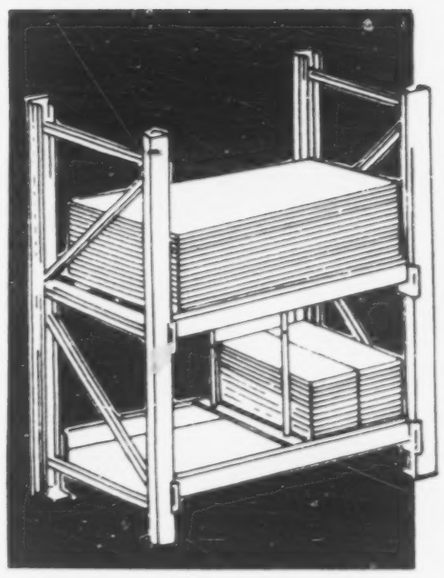

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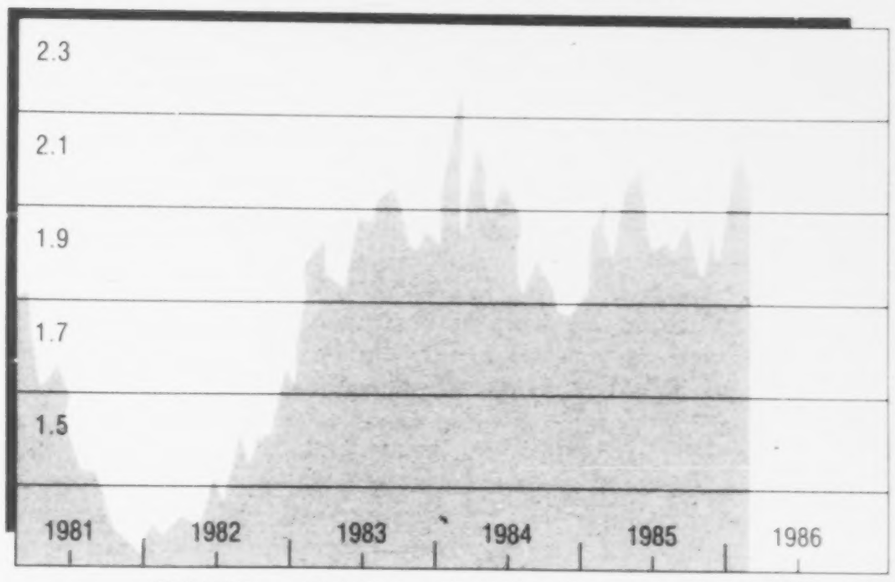
HOUSING WATCH

National housing starts and permits

(seasonally adjusted annual rates, in millions)

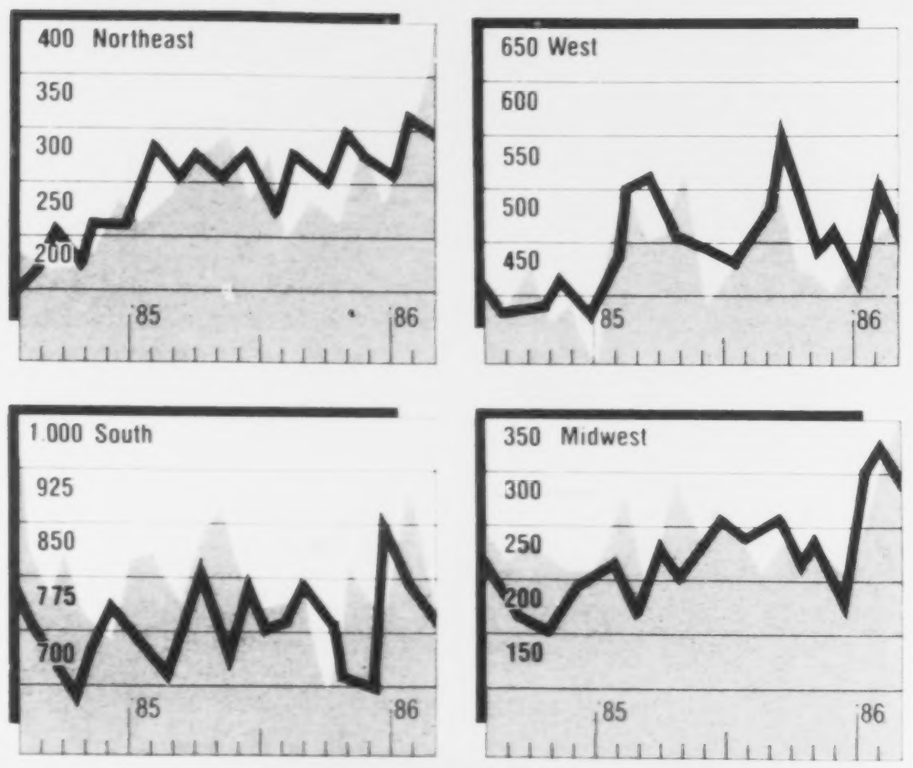


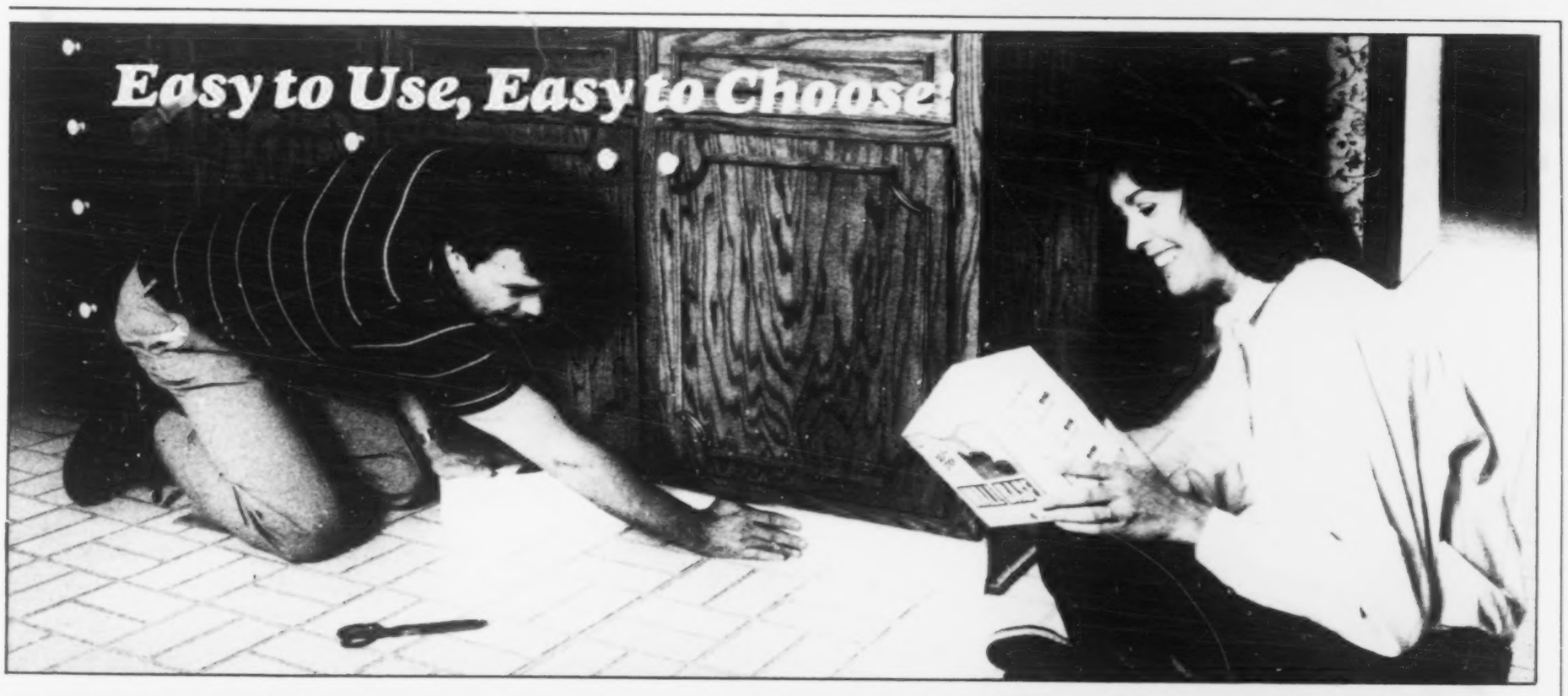
	Total U.S. starts	Total U.S. permits	Single family starts	Single family permits
Feb. '86	1,985	1,776	1,208	1,007
Jan. '86	2,056	1,907	1,357	1,094
Feb. '85	1,632	1,624	1,111	927

Key: Starts, Permits

Regional housing starts and permits

(in thousands)





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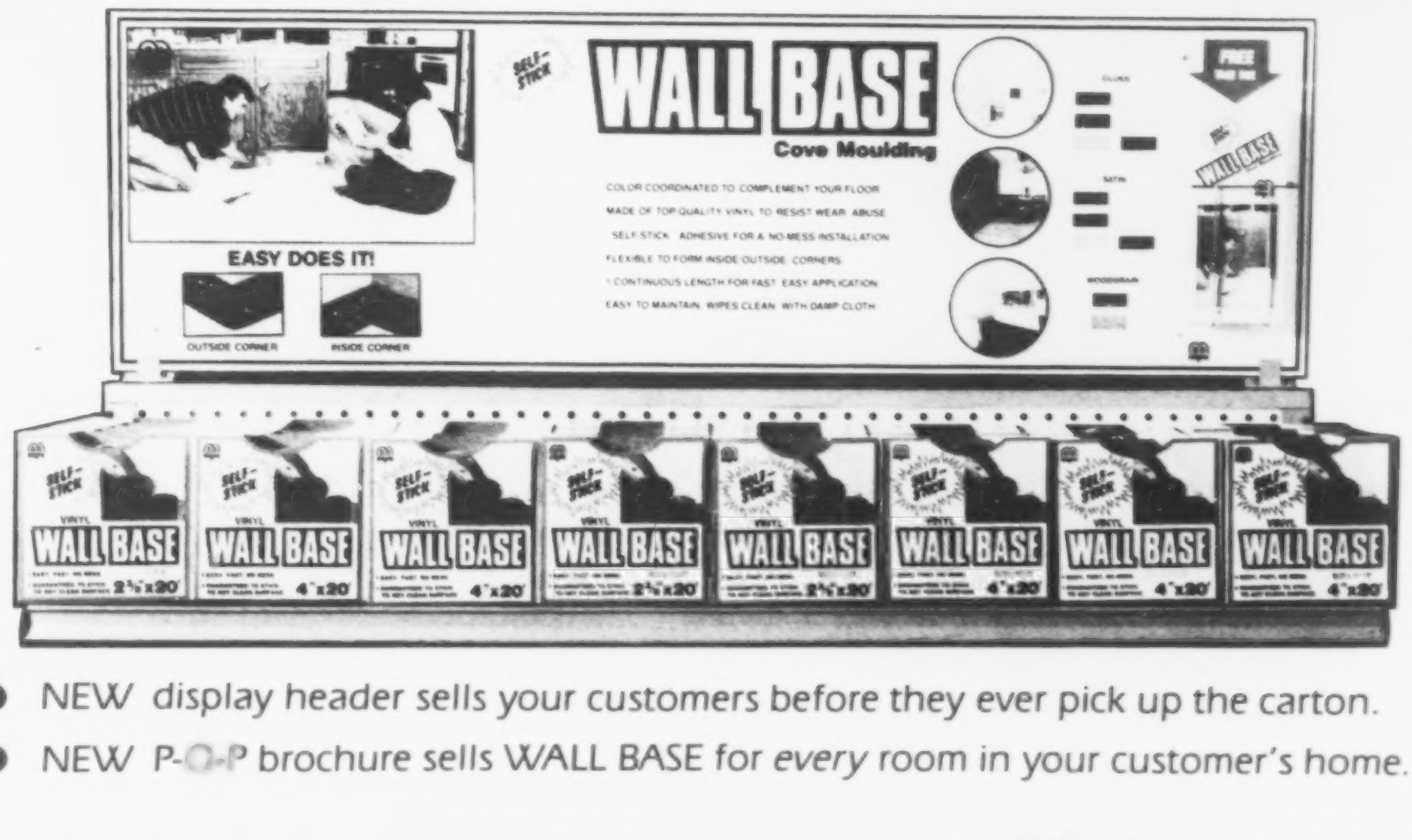

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Feb. housing starts near 2 M unit mark

NATIONAL REPORT — Housing starts in February were again near the two million-unit mark, at 1.985 million units, seasonally adjusted, a pace economists at the National Association of Home Builders predict will hold for the next few months.

Despite these numbers, the nationwide housing pace was off 3.5% from January, according to the U.S. Commerce Department. Single family housing starts topped the 1.2 million unit mark, but were 11% below the January level.

Compared to February one year ago, total starts are ahead nearly 22% and single-family starts almost 9%.

Regional strengths

In the Northeast alone, housing starts rose 18.1% over January to a seasonally-adjusted 418,000 units, and 68.5% over the February, 1985 totals.

And in the Midwest, housing starts grew by nearly 11% in February to 352,000 units, seasonally adjusted, which was 89% greater than the pace set in February one year ago

Because activity has been strong so far this year and builder optimism is high, the association increased its housing starts forecast for the year, according to Gopal Ahluwalia, the NAHB's assistant staff vice president.

Regional Housing
(in thousands)

	Feb. starts	% chg.	Feb. permits	% chg.
Northeast	418	+ 18.1	288	– 5.3
West	483	+ 5.0	471	– 6.5
South	732	– 20.8	725	– 5.8
Midwest	352	+ 10.7	292	– 11.2

The association now projects 1.71 million new houses will be started in 1986, up from the 1.62 million originally forecasted. Single-family start projections have also been raised, to 1.13 million units from 1.07 million .

February's starts activity is "really strong," said Ahluwalia. "It really shows inner strength."

Growth should be short-lived

The record pace, however, will only last for the next few months while the seasonal adjustor remains high. After that, Ahluwalia said, the seasonally adjusted starts number will reflect the 1.7 million-unit pace the association has forecasted.

Starts activity rose in three of the four regions. But permit activity nationwide declined 6.9% and single-family permits dropped 8% in February.

The South recorded the biggest losses of any region. Starts fell nearly 21% from January, to 732,000 units, seasonally adjusted, largely the result of declining energy prices in the Southwest. Starts were also down by 1.7% from the corresponding month one year ago. Permits in this region were down too, by 5.8% in February, to 725,000 units, seasonally adjusted.

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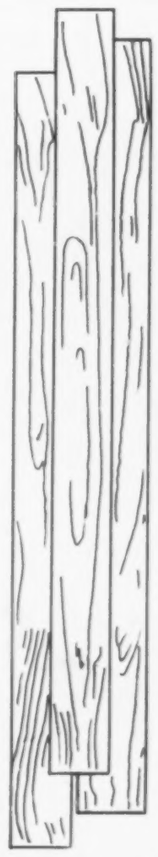

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LUMBER REPORT

Senate calls for serious action to solve Canadian import issue

By an NHCN staff editor

WASHINGTON — The U.S. Senate is demanding that the Reagan Administration "get serious" and resolve the Canadian lumber import issue.

More than one-third of the Senate protested the administration's inaction on Canadian lumber imports during a "special order day" Feb. 28 in which Senate debate was devoted to a specific issue.

Some 38 senators, headed by Senator Max Baucus, Democrat from Montana, participated in the event to call attention to Canadian trading practices that have led to record volumes of Canadian softwood lumber imported into the U.S.

Baucus supported the contention of American lumbermen that the Canadian provincial governments are providing standing timber to their producers at below market rates and often at zero prices.

"The Canadians are using bargain-basement government resources to expand their market share," Baucus said. He called the practice a subsidy, which "violates every free-trade principle we have tried to instill in the world's trading system."

'The Canadians are using bargain-basement government resources to expand their market share.'

—Senator Max Baucus,
Democrat, Montana

Joining Baucus were 11 members of the Senate Finance Committee, which is empowered to authorize the president to negotiate a free trade agreement with Canada.

"It is time for the Canadian government to recognize the consequences of its softwood lumber pricing practices," said Finance Commitee chairman Bob Packwood, Republican of Oregon. As a result of their stumpage pricing system, Packwood said, Canadian producers enjoyed "substantial price advantages over U.S. producers who pay market rates for standing timber. Consequently, Packwood added, resolution of the problem "cannot wait until the conclusion of a free-trade agreement."

Senator Sam Nunn, Democrat of Georgia, said that despite labor costs and productivity rates that compare favorably with Canada, Georgia lumbermen are losing market share because "stumpage in Canada sells for about one-tenth of what comparable stumpage sells for in the United States free market."

Trade group predicts record lumber demand

By an NHCN staff editor

PORTLAND, Ore.—Increases in home building activity and in the repair and remodeling markets should push United States consumption to a record 45 billion board feet of softwood lumber this year, a 4% increase over 1985, according to Bob Roberts, president of the Western Wood Products Association.

Roberts predicted 1.8 million housing starts this year, up from the association's previous forecast of 1.65 million.

Residential construction should account for 39% of the lumber consumption and lumber used for repair and remodeling will make up 26% of consumption.

"Last year, lumber consumption increased by 733 million board feet over 1984," Roberts said. "Canada increased its exports to the United States by 1.3 billion board feet—almost twice the consumption increase."

Canadian shipments to the U.S. are expected to hit a new record in 1986, increasing to nearly 15 billion board feet.

Western lumber producers are expected to ship 18 billion board feet of lumber in 1986, 7% more than last year. Shipments from the South are expected to rise to 11 billion board feet, 2% higher.

Roberts said there continues to be more than adequate amounts of lumber to fill these high levels of demand.

"Someday we will be at a point where Canadian and U.S. supply capability will be stretched," Roberts said. "We expect demand will continue at near record levels. These factors and others will one day provide a healthier climate in which we operate."

FUTURES

LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.
Two weeks ended March 6, 1986

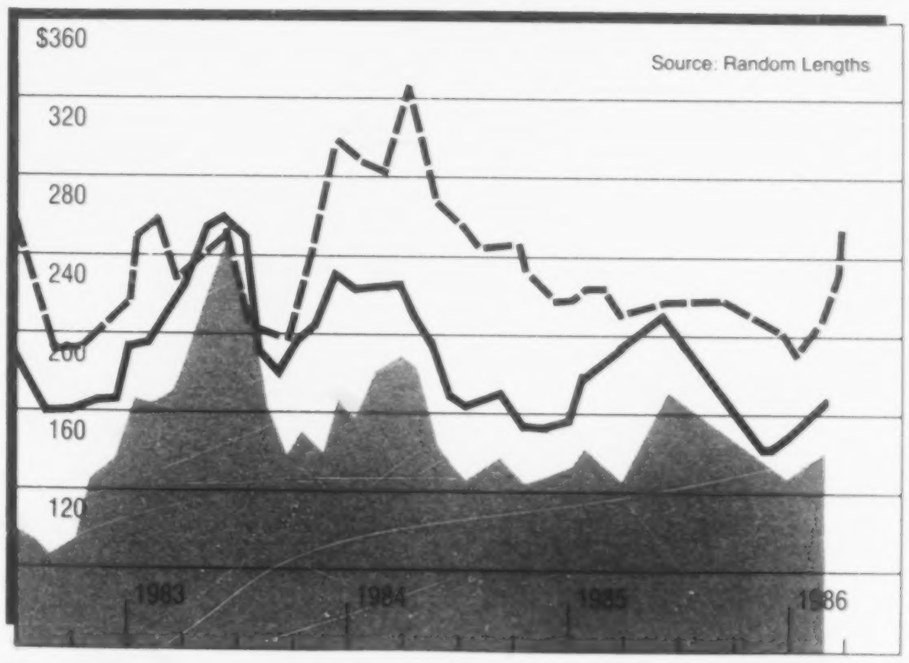
	High	Low	Close (Settle)	Previous Week	Open* Interest	Contract High	Contract Low
Mar. '86	178.00	154.20	177.80	157.70	669	195.00	136.60
May	174.30	156.50	174.10	159.60	4,006	176.40	140.00
July	174.30	158.80	173.70	161.50	1,991	183.40	144.00
Sept.	170.40	157.00	169.90	160.10	754	180.00	145.50
Nov.	166.00	155.80	163.90	157.40	335	166.90	146.00
Jan. '87	168.90	160.00	166.50	160.50	86	173.50	150.00
Mar.	169.70	161.00	167.50	161.60	38	169.70	153.00

Total Contract Volume (thru 3/6): 29,057 — **Previous week: 14,560**
Total Open Interest (thru 3/6): 7,879 — **Previous 2 weeks: 6,905**
Cash Prices: $176.40 — **Last week: $158.76** — **Year ago: $138.18**

CME—Chicago Mercantile Exchange
*Figures for Thursday, March 6.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

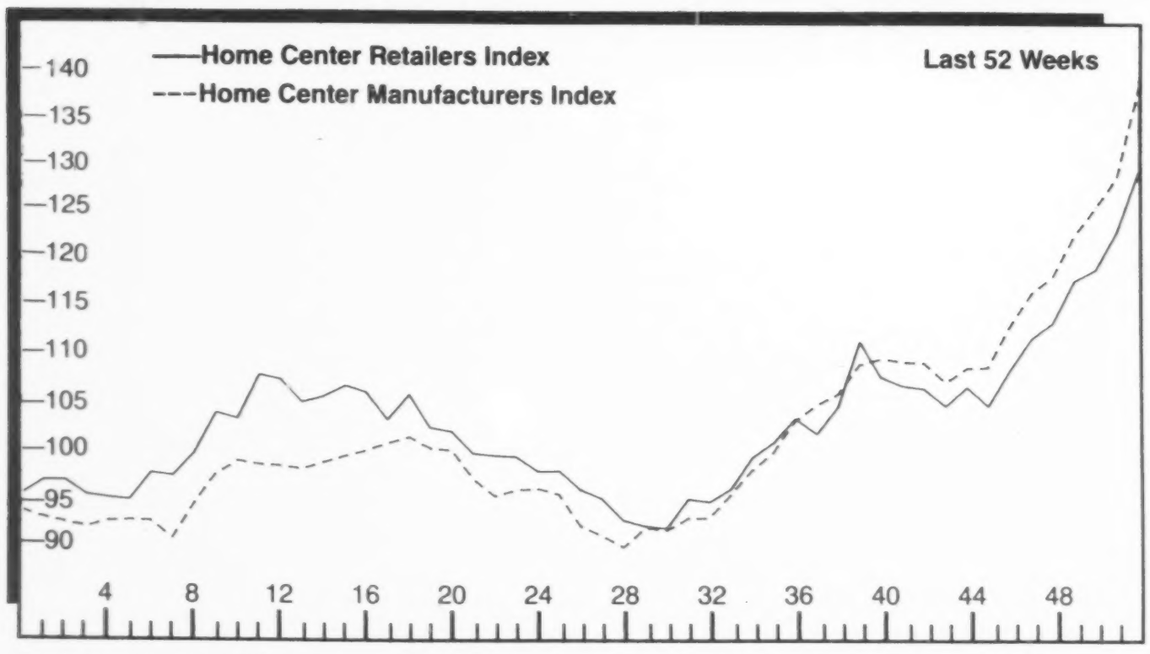
Commodity close-up

Studs and Boards
Average mill monthly prices



Prices for studs and boards have risen sharply since November with ponderosa pine #3 1 X 2 random climbing from $239 per thousand board feet in November to $262 for a February average. KD southern pine rose to a February average of $169 per thousand board feet from a November average of $158. The price of KD s-p-f 2 X 4 studs also rose.

FINANCIAL NEWS

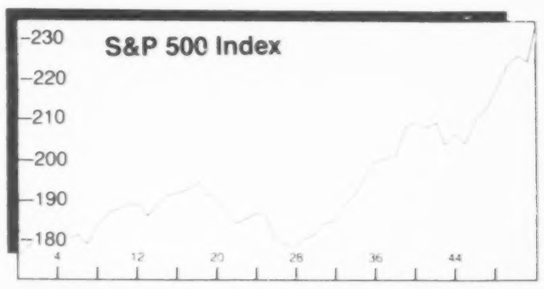


The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on Feb. 1, 1985, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions of companies to the *NHCN* stock list.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Forest City Ent ..... A	479	490.0	23.4
Certain-teed ..... N	12,440	455.9	15.3
Hechinger B ..... M	4,327	444.1	- 3.1
Manville Cp ..... N	48,415	411.9	5.4
Boise Cascade ..... N	27,118	353.4	9.6
Allegheny Int ..... N	15,873	344.3	18.6
Erb Lumber ..... M	216	340.0	28.0
Hechinger A ..... M	10,965	308.5	- 1.0
Wolohan Lumber ..... M	3,898	301.2	- 5.6
Ply-Gem ..... A	6,843	286.7	4.3

The Volume Trend Change is the percent difference between the latest 2-week average volume and the previous 12-week average volume.*



PRICE MOVEMENT

Company & Market	2-Weeks Ended 3-21-86	2-Week Price Change	Total 2-Week Volume
TOP GAINERS	$	%	(100)
Erb Lumber ..... M	64.00	28.0	216
Forest City Ent ..... A	29.00	23.4	479
Lewis Palmer ..... M	9.88	19.7	3,091
Allegheny Int ..... N	23.88	18.6	15,873
Wickes Cos ..... A	6.25	16.3	216,798
Thos Inds ..... N	25.75	15.7	1,526
Certain-teed ..... N	33.88	15.3	12,440
SW Forest Ind ..... N	15.63	14.7	8,729
K mart Cp ..... N	44.13	13.5	122,132
Mor-Flo Inds ..... M	18.88	11.0	633
TOP LOSERS	$	%	(100)
Homecrafters Whse ..... M	1.63	- 35.0	907
Mich General ..... A	4.50	- 7.7	1,797
Clopay Corp ..... A	16.63	- 5.7	272
Wolohan Lumber ..... M	8.38	- 5.6	3,898
Std Brd Pnt ..... N	23.13	- 5.6	3,111
Hechinger B ..... M	23.75	- 3.1	4,327
Home Depot ..... N	15.88	- 2.3	14,023
Champ Intl ..... N	27.75	- 2.2	49,383
Supermkts Gen ..... N	56.38	- 1.5	4,923
Scotty's Inc ..... N	16.75	- 1.5	3,972

National Home Center News

HOME CENTER MARKET SUMMARY

Company and Market	Stock Market: Price: 2-Weeks Ended 3-21-86	2-Weeks Change: Amt.	2-Weeks Change: Pct.	2-Week Range: High	2-Week Range: Low	52-Week Range: High	52-Week Range: Low	Volume: 2-Weeks Shares Traded: Total	Volume: 2-Weeks Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume Trend Change	Financial Update: P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-
Retailers																	
Color Tile ..... M	23.00	.63	2.8	23.00	21.63	23.00	15.25	6,199	6.59	3.69	78.6	15.6	.00	.0	.....	6 mos.	12-85
Erb Lumber ..... M	64.00	14.00	28.0	65.00	47.50	64.00	20.75	216	2.42	.55	340.0	10.9	.00	.0	.....	9 mos.	09-85
Forest City Ent ..... A	29.00	5.50	23.4	29.00	23.75	29.00	20.38	479	1.18	.20	490.0	53.7	.30	1.0	.....	9 mos.	10-85
Grace W R ..... N	52.25	2.00	4.0	52.38	47.25	57.25	35.50	32,991	6.07	3.34	81.7	18.5	2.80	5.4	.....	fiscal	12-85
Handyman ..... A	28.63	- .38	- 1.3	29.25	28.13	29.88	21.75	504	1.99	.54	268.5	NA	.15	.5	.....		00-00
Hechinger A ..... M	24.25	- .25	- 1.0	27.00	23.75	27.00	16.00	10,965	12.54	3.07	308.5	NA	.16	.7	.....		00-00
Hechinger B ..... M	23.75	- .75	- 3.1	27.00	23.75	27.00	16.00	4,327	3.21	.59	444.1	24.5	.08	.3	NEW	fiscal	01-86
Homecrafters Whse ..... M	1.63	- .88	- 35.0	2.50	1.63	9.50	1.00	907	3.20	2.75	16.4	NE	.00	.0	.....	9 mos.	10-85
Home Depot ..... N	15.88	- .38	- 2.3	17.13	15.63	20.38	10.50	14,023	5.60	2.64	112.1	44.1	.00	.0	.....	9 mos.	10-85
INTERCO Inc ..... N	78.75	2.88	3.8	79.00	76.00	79.75	61.13	2,841	2.00	1.07	86.9	15.3	3.08	3.9	.....	9 mos.	11-85
K mart Cp ..... N	44.13	5.25	13.5	45.25	38.38	45.25	30.63	122,132	9.71	2.61	272.0	25.5	1.40	3.2	NEW	fiscal	01-86
Lowe's Cos ..... N	38.75	.00	.0	41.38	37.00	41.38	20.75	16,138	4.35	2.13	104.2	23.6	.40	1.0	.....	fiscal	01-86
Mich General ..... A	4.50	- .38	- 7.7	5.00	4.50	7.13	3.25	1,797	1.58	1.80	- 12.2	NE	.00	.0	.....	fiscal	12-85
Natl Lumber ..... M	5.38	.38	7.5	6.00	5.25	7.25	4.00	1,386	2.46	.66	272.7	26.9	.00	.0	.....	9 mos.	10-85
Pay N Pak ..... N	15.88	.75	5.0	16.00	14.75	16.00	11.63	4,919	4.92	1.66	196.4	19.6	.64	4.0	.....	9 mos.	11-85
Payless Cash ..... N	21.63	.38	1.8	22.88	20.25	23.38	13.50	27,602	7.97	2.52	216.3	19.0	.16	.7	NEW	3 mos.	02-86
Scotty's Inc ..... N	16.75	- .25	- 1.5	17.63	16.50	17.63	12.38	3,972	2.75	.97	183.5	14.4	.52	3.1	.....	6 mos.	12-85
Sears, Roebuck ..... N	46.00	1.25	2.8	48.00	45.00	48.00	31.75	91,736	2.52	1.14	121.1	13.0	1.76	3.8	.....	fiscal	12-85
Svc Merchandise ..... M	14.13	.50	3.7	14.88	13.88	16.13	11.25	23,332	7.00	4.63	51.2	44.1	.08	.6	.....	fiscal	12-85
Std Brd Pnt ..... N	23.13	- 1.38	- 5.6	24.63	22.75	24.63	18.75	3,111	2.75	1.12	145.5	13.9	.56	2.4	.....	9 mos.	10-85
Supermkts Gen ..... N	56.38	- .88	- 1.5	57.88	55.75	57.88	36.00	4,923	2.74	.85	222.4	15.7	.48	.9	.....	9 mos.	10-85
Wickes Cos ..... A	6.25	.88	16.3	6.88	5.38	6.88	3.44	216,798	22.46	5.97	276.2	NA	.00	.0	.....		10-85
Wolohan Lumber ..... M	8.38	- .50	- 5.6	8.88	8.25	8.88	5.25	3,898	6.66	1.66	301.2	14.0	.16	1.9	.....	fiscal	12-85
Zayre Corp ..... N	70.88	5.88	9.0	71.25	65.00	71.25	40.31	12,575	4.29	1.56	175.0	21.9	.48	.7	.....	fiscal	01-86
Wholesalers																	
Lewis Palmer ..... M	9.88	1.63	19.7	9.88	8.63	9.88	6.38	3,091	7.90	2.12	272.6	42.9	.28b	2.8	NEW	fiscal	01-86
Manufacturers																	
Allegheny Int ..... N	23.88	3.75	18.6	25.25	18.25	28.75	16.50	15,873	14.75	3.32	344.3	NE	.00	.0	NEW	fiscal	12-85
Am Standard ..... N	45.00	.00	.0	46.88	44.00	46.88	26.75	11,487	2.92	1.90	53.7	14.5	1.60	3.6	.....	fiscal	12-85
Armstrng Wrld ..... N	59.88	.25	.4	60.13	56.63	60.13	31.25	10,313	4.30	1.74	147.1	14.3	1.30	2.2	.....	fiscal	12-85
Black & Decker ..... N	23.00	.38	1.7	23.38	22.13	24.25	17.25	18,966	3.73	2.88	29.5	30.3	.64	2.8	.....	3 mos.	12-85
Boise Cascade ..... N	58.75	5.13	9.6	59.75	52.75	59.75	37.25	27,118	10.02	2.21	353.4	17.0	1.90	3.2	.....	fiscal	12-85
Certain-teed ..... N	33.88	4.50	15.3	34.00	29.63	34.00	21.25	12,440	6.56	1.18	455.9	12.4	.90	2.7	.....	fiscal	12-85
Champ Intl ..... N	27.75	- .63	- 2.2	29.75	27.50	29.75	20.00	49,383	5.32	2.17	145.2	17.5	.52	1.9	.....	fiscal	12-85
Clopay Corp ..... A	16.63	- 1.00	- 5.7	19.00	16.50	22.19	11.25	272	1.76	.65	170.8	NE	.16	1.0	.....	fiscal	12-85
DeSoto Inc ..... N	40.25	1.00	2.5	40.50	39.13	40.50	31.50	716	1.50	.48	212.5	13.6	1.40	3.5	.....	fiscal	12-85
Emhart Corp ..... N	40.25	2.88	7.7	40.50	37.25	40.50	26.25	4,814	1.74	.88	97.7	13.9	1.40	3.5	.....	fiscal	12-85
Georgia-Pacifc ..... N	32.63	- .25	- .8	33.50	31.50	33.50	20.50	41,774	4.05	1.91	112.0	17.8	.80	2.5	.....	fiscal	12-85
Insilco Corp ..... N	21.75	.75	3.6	22.13	20.63	22.88	16.63	3,608	1.84	1.19	54.6	15.9	1.00b	4.6	.....	fiscal	12-85
La Pacific ..... N	28.38	1.50	5.6	30.00	26.88	30.00	17.13	19,088	5.22	1.41	270.2	40.5	.80b	2.8	.....	fiscal	12-85
MacMiln Bldel ..... N	21.00	.50	2.4	21.38	19.75	21.38	12.47	464	.15	.07	114.3	38.9	.00a	.0	.....	fiscal	12-85
Manville Cp ..... N	7.38	.38	5.4	8.88	7.00	8.88	5.13	48,415	20.17	3.94	411.9	NE	.00	.0	.....	fiscal	12-85
Masco Corp ..... N	56.50	2.13	3.9	59.75	53.13	59.75	28.50	19,351	3.01	1.08	178.7	22.1	.64	1.1	.....	fiscal	12-85
Mor-Flo Inds ..... M	18.88	1.88	11.0	19.25	16.50	19.75	14.50	633	2.50	.91	174.7	11.4	.01	.1	NEW	fiscal	12-85
Natl Gypsum ..... N	49.50	.88	1.8	49.50	48.13	49.50	25.09	19,661	8.61	2.98	188.9	9.9	1.52	3.1	.....	fiscal	12-85
Newell Co ..... N	29.63	.75	2.6	30.00	28.50	30.00	15.13	5,110	5.93	1.60	270.6	14.2	.70	2.4	.....	fiscal	12-85
Owens Corning ..... N	52.25	3.25	6.6	54.38	49.00	54.38	30.75	27,054	9.08	2.40	278.3	11.8	1.40	2.7	.....	fiscal	12-85
Ply-Gem ..... A	15.13	.63	4.3	15.25	13.38	15.25	8.84	6,843	9.32	2.41	286.7	22.9	.12	.8	NEW	fiscal	12-85
Pope & Talbot ..... N	23.75	1.75	8.0	24.75	21.75	24.75	16.75	2,855	4.76	1.26	277.8	21.4	.80	3.4	.....	fiscal	12-85
Potlatch Cp ..... N	42.25	1.25	3.0	43.13	40.88	43.63	31.38	2,004	1.54	.79	94.9	19.3	1.56	3.7	.....	fiscal	12-85
Sherwin-Wms ..... N	57.50	1.38	2.4	58.75	55.75	58.75	31.50	4,394	1.91	.93	105.4	17.8	1.00	1.7	.....	fiscal	12-85
SW Forest Ind ..... N	15.63	2.00	14.7	15.88	13.63	15.88	9.88	8,729	9.40	3.22	191.9	NE	.00	.0	.....	fiscal	12-85
Stanley Works ..... N	42.75	2.00	4.9	43.25	40.25	43.25	26.50	5,807	2.02	1.18	71.2	15.0	1.04	2.4	.....	fiscal	12-85
Thos Inds ..... N	25.75	3.50	15.7	26.50	22.63	26.50	14.41	1,526	1.71	.54	216.7	14.1	.68b	2.6	.....	fiscal	12-85
Triangle Pac ..... N	53.13	.13	.2	53.25	53.00	53.25	26.00	2,886	7.64	2.77	175.8	13.9	1.00	1.9	.....	fiscal	12-85
USG Corp ..... N	66.00	- 1.00	- 1.5	70.75	64.00	70.75	30.75	12,543	3.76	1.62	132.1	9.8	1.92	2.9	.....	fiscal	12-85
Walter, Jim ..... N	55.88	5.13	10.1	60.00	51.00	60.00	31.00	15,631	7.39	2.53	192.1	10.5	1.40	2.5	.....	3 mos.	11-85
Waxman Ind ..... M	15.38	.88	6.0	15.75	14.25	16.88	9.00	927	2.96	1.43	107.0	28.5	.08	.5	.....	6 mos.	12-85
Weyerhaeuser ..... N	36.63	.50	1.4	38.75	36.25	38.75	24.75	52,132	4.01	1.32	203.8	27.7	1.30	3.5	.....	fiscal	12-85

Company and Market	Financial Update: Latest Quarter: Revenue: Amt.	Revenue: Chg.	Net Income: Amt.	Net Income: Chg.	E.P.S.: Amt.	E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Revenue: Chg.	Net Income: Amt.	Net Income: Chg.	E.P.S.: Amt.	E.P.S.: Chg.
-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers												
Color Tile ..... M	87.2	4.8	3.3	- 2.9	.34	- 8.1	182.2	14.8	6.6	6.5	.70	2.9
Erb Lumber ..... M	61.4	44.1	2.3	91.7	2.67	105.4	142.3	27.5	4.3	104.8	4.87	112.7
Forest City Ent ..... A	72.8	14.3	.0	- 100.0	.00	- 100.0	200.0	5.7	3.6	20.0	.45	12.5
Grace W R ..... N	2013.2	10.0	44.7	- 24.4	.86	- 29.5	7260.1	7.9	146.9	- 24.9	2.82	- 29.9
Handyman ..... A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger A ..... M	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	116.8	14.1	6.6	8.2	.27	.0	479.0	18.2	23.1	10.5	.97	5.4
Homecrafters Whse ..... M	45.4	9.9	(10.2)	NE	(3.62)	NE	143.0	18.0	(13.5)	NE	(4.80)	NE
Home Depot ..... N	177.7	76.8	1.2	- 63.6	.04	- 69.2	497.0	57.6	5.6	- 46.7	.22	- 47.6
INTERCO Inc ..... N	694.7	- .6	27.0	- 4.6	1.71	216.7	1927.7	- 5.7	61.4	- 15.0	3.89	21.9
K mart Cp ..... N	6752.2	- 1.8	10.5	- 94.9	.09	- 94.3	22420.0	6.3	221.2	- 55.7	1.73	- 54.9
Lowe's Cos ..... N	475.6	26.5	11.3	7.6	.31	6.9	2072.6	22.7	59.7	- 2.8	1.64	- 3.5
Mich General ..... A	103.6	- 1.4	(11.4)	- 100.0	(1.01)	- 100.0	439.0	- 2.3	(34.6)	- 100.0	(3.06)	- 100.0
Natl Lumber ..... M	33.7	.9	.1	- 66.7	.02	- 60.0	101.6	6.8	.8	- 20.0	.14	- 22.2
Pay N Pak ..... N	86.1	5.6	1.8	- 33.3	.18	- 33.3	259.2	6.4	6.9	- 22.5	.69	- 22.5
Payless Cash ..... N	274.5	7.7	2.4	50.0	.07	40.0	274.5	7.7	2.4	50.0	.07	40.0
Scotty's Inc ..... N	120.6	10.0	2.8	- 22.2	.19	- 26.9	230.9	9.3	5.6	- 20.0	.39	- 25.0
Sears, Roebuck ..... N	12068.2	5.2	552.3	- 1.9	1.50	- 2.6	40715.3	3.9	1303.3	- 10.4	3.53	- 12.0
Svc Merchandise ..... M	1105.5	51.4	29.1	- 17.1	.87	- 23.7	2526.5	52.5	10.7	- 76.0	.32	- 78.1
Std Brd Pnt ..... N	90.0	10.4	4.0	- 24.5	.35	- 27.1	266.4	9.1	14.2	- 12.9	1.26	- 14.3
Supermkts Gen ..... N	1263.6	9.9	24.2	132.7	.68	17.2	3766.3	25.1	42.1	38.9	2.35	38.2
Wickes Cos ..... A	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Wolohan Lumber ..... M	37.4	3.3	1.3	62.5	.22	57.1	150.7	8.3	3.5	34.6	.60	33.3
Zayre Corp ..... N	1499.0	47.1	37.9	9.2	1.14	- 11.6	4036.0	29.2	94.6	17.8	3.23	8.0
Wholesalers												
Lewis Palmer ..... M	30.6	- .3	.1	NE	.01	NE	141.0	- 2.4	.9	- 18.2	.23	- 23.3
Manufacturers												
Allegheny Int ..... N	537.5	- 7.4	(52.8)	NE	(5.61)	NE	2056.7	- 2.8	(109.1)	- 100.0	(13.08)	NE
Am Standard ..... N	413.8	- 52.0	36.2	17.5	.92	17.9	2912.0	- 9.4	122.0	6.2	3.10	1.0
Armstrng Wrld ..... N	426.0	11.4	22.6	20.2	.94	19.0	1679.2	7.0	100.9	9.4	4.20	10.8
Black & Decker ..... N	521.7	3.7	20.9	- 27.9	.41	- 28.1	521.7	3.7	20.9	- 27.9	.41	- 28.1
Boise Cascade ..... N	892.7	- 1.6	19.0	NE	.61	NE	3737.2	- 2.1	104.3	49.9	3.45	54.7
Certain-teed ..... N	261.7	- 4.4	10.4	- 25.2	.55	- 21.4	1109.7	- 6.7	53.4	22.8	2.73	25.8
Champ Intl ..... N	1194.7	- 29.3	38.1	NE	.37	NE	5769.8	12.7	163.1	NE	1.59	NE
Clopay Corp ..... A	35.5	- 2.5	(.2)	- 100.0	(.14)	- 100.0	139.2	3.9	(1.9)	- 100.0	(1.24)	- 100.0
DeSoto Inc ..... N	75.5	- 3.6	2.9	- 19.4	.60	- 15.5	405.6	- .4	14.2	- 27.6	2.97	- 16.6
Emhart Corp ..... N	484.4	8.1	23.6	- 7.8	.87	26.1	1775.0	- 1.1	80.0	- 11.5	2.90	- 11.3
Georgia-Pacifc ..... N	1590.0	- 10.0	33.0	NE	.27	NE	6716.0	.5	207.0	NE	1.83	88.7
Insilco Corp ..... N	174.7	- 3.4	3.6	- 50.7	.17	- 57.5	811.8	3.2	26.1	- 20.9	1.37	- 24.7
La Pacific ..... N	312.6	10.2	6.8	- 67.6	.19	- 69.4	1260.9	2.5	25.5	- 39.6	.70	- 41.2
MacMiln Bldel ..... N	601.7	4.0	20.4	- 15.0	.44	- 21.4	2335.4	9.8	42.9	122.3	.54	NE
Manville Cp ..... N	536.4	17.5	20.9	14.8	.61	22.0	1941.8	7.0	(45.1)	- 100.0	(2.92)	- 100.0
Masco Corp ..... N	704.9	228.3	141.3	551.2	1.42	330.3	1154.0	13.2	164.5	41.9	2.56	28.0
Mor-Flo Inds ..... M	53.2	.0	.5	- 72.2	.20	- 70.1	206.2	2.9	4.2	- 36.4	1.65	- 36.3
Natl Gypsum ..... N	62.6	- 85.4	19.5	- 22.6	.86	- 20.4	1340.0	- 22.0	116.1	8.7	5.02	9.6
Newell Co ..... N	96.6	7.6	5.5	31.0	.61	32.6	350.0	13.5	18.9	33.1	2.09	29.0
Owens Corning ..... N	966.6	27.9	44.1	31.3	1.48	29.8	3305.0	9.4	131.2	15.2	4.42	14.2
Ply-Gem ..... A	43.5	15.7	1.1	- 15.4	.15	- 31.8	166.5	3.5	4.2	- 6.7	.66	- 18.5
Pope & Talbot ..... N	74.9	- 5.1	.6	NE	.10	NE	325.2	1.6	6.7	NE	1.11	NE
Potlatch Cp ..... N	227.4	- 3.7	4.4	- 56.0	.26	- 55.2	950.3	- 4.4	37.7	- 24.0	2.19	- 21.8
Sherwin-Wms ..... N	517.4	3.2	11.3	24.2	.48	17.1	2194.9	5.8	74.6	14.8	3.23	13.7
SW Forest Ind ..... N	169.2	- 10.9	(5.0)	- 100.0	(.42)	NE	700.1	- 9.9	(12.3)	- 100.0	(1.67)	- 100.0
Stanley Works ..... N	322.4	5.4	25.7	14.7	.93	14.8	1208.3	4.3	78.3	8.1	2.85	9.6
Thos Inds ..... N	77.6	.6	4.2	7.7	.47	6.8	309.5	6.1	16.2	1.9	1.82	2.2
Triangle Pac ..... N	66.7	4.1	3.6	24.1	.92	29.6	263.9	- 2.5	15.2	11.8	3.82	15.8
USG Corp ..... N	635.2	4.0	53.9	30.5	1.63	31.5	2526.5	9.0	223.8	19.9	6.71	19.0
Walter, Jim ..... N	562.1	.7	31.7	17.0	1.45	16.9	562.1	.7	31.7	17.0	1.45	16.9
Waxman Ind ..... M	23.3	14.2	.5	.0	.17	- 43.3	44.8	9.5	1.1	- 8.3	.35	- 50.0
Weyerhaeuser ..... N	1238.0	- 12.1	63.6	132.1	.43	168.8	5205.6	- 6.2	200.1	- 11.5	1.32	- 13.2

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

Volume Trend Change—% difference between "2-weeks shares traded % out" and "12-week avg. vol. as % of out."
P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Wickes affirms DIY stance; sells other retail chains

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stronger commitment to manufacturing businesses, and, in terms of sales volume, is becoming a smaller company.

Wickes announced March 20 that it was putting on the selling block Woman's World Inc., a national chain of 210 clothing stores for large-size women; Howard Brand Discount Stores, a chain of 88 general merchandise discount stores located in the southern and southeastern U.S.; Mode O'Day, a franchised woman's apparel chain, and Simmons U.S.A. and Simmons International, which manufacture and market mattresses and sleep sofas.

"We have divested no one connected with lumber and building materials," Mallory said, adding that along with Wickes Lumber and BE, the building material retailing segment has been organized to include Sequoia Supply, a wholesale distributor, Wickes International, a European chain of DIY stores, Yorktown, a kitchen cabinet and vanities manufacturer, Wickes Furniture and Leath Home Furnishings.

"What we have eliminated from the company is the general and apparel—general retailing classification," Mallory said. "There has never been any question that the area of DIY retailing is very important and that we think highly of that business."

Separately, Wickes announced it plans to file a registration statement with the S.E.C. covering the proposed sale of at least $500 million in senior subordinated debentures to be used to finance "acquisition opportunities."

Mallory said Wickes has "had discussions" with W. R. Grace over the possible purchase of an unspecified portion of Grace's home center and specialty stores retail group that Grace announced are on the selling block.

"You can't tie those two together at all in any way," Mallory said of the proposal to sell $500 million in debentures and Wickes' potential interest in Grace stores. "One has nothing to do with the other.

"The proceeds from the planned divestitures and the contemplated financing should enable Wickes to take advantage of acquisition opportunities as they arise," Mallory said. "That is a continuation of the expressed objectives that the company has consistently applied to make regional acquisitions which supplement the key businesses that we own, and, if appropriate, to make a major acquisition in other areas.

"But we do not have a particular target identified in the major acquisition area," Mallory said. "We have made a number of smaller acquisitions in the $4 million to $10 million area to supplement BE and Wickes Lumber," he added, noting the purchase earlier this year of three Von Tobel's stores in Las Vegas, Nev., operated by Seattle-based Ernst Home Centers.

For its fiscal year ended Jan. 25, 1986, Wickes reported net income of $28.0 million on sales of $2.8 billion from continuing operations, compared with income of $924,000 on sales of $1.64 billion for the prior fiscal year. Wickes said it is treating all units to be divested as discontinued operations in the fiscal year just ended. Results from continuing operations include the Gulf & Western consumer and industrial products group's sales for the six month period from Aug. 1, 1985, to Jan. 25.

Mallory said the latest announcement of Wickes' intentions to sell retail operations is related to Wickes decision late last year to sell three other retail units—Red Owl Stores, Snyder Drug Stores and Western Diversified Services. The three units accounted for aggregate 1985 revenues of $900 million.

Wickes said the divestitures of the retailing operations will result in aggregate proceeds of more than $300 million to the company.

Red Owl is a grocery store wholesaler and supermarket operator based in Hopkins, Minn. Snyder Drug, Minnetonka, Minn., is a 54-unit drug store chain and wholesale supplier, and Western Diversified, Northbrook, Ill., is comprised of a group of companies which markets various insurance programs.

Both Red Owl and Snyder Drug were sold to a group of management employees headed by the president of each division and Western Diversified was sold to a subsidiary of Los Angeles-based Great Western Financial Corp.

"A year ago, we said that our objective was to do for our stockholders what we had done for our creditors during the Chapter 11," Sigoloff said. "The last year has been a good first step in that direction. The actions which we now have underway will, we expect, further increase stockholders' equity, and improve the earnings of the company."

Hardware Show expansion set amid building delays

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space or will be shifted back into the main building and Donnelly Hall. Prazmark said exhibitors would be notified "one way or the other" before June 15th.

"We still feel with the information we have it's a go," Prazmark said, following a March 20 meeting with McCormick Place and National Hardware Manufacturers Association officials in Chicago.

"Although the Metropolitan Fair and Exposition Authority has continued to express the belief that the expansion will be completed for occupancy by August, the authority has expressed reservations as to whether this will in fact happen," Prazmark's letter to vendors reads in part.

In the event that the 379,000-sq.-ft. upper floor of McCormick Place North—slated for lawn and garden, outdoor power and outdoor living vendors—isn't completed, the letter explains, exhibitors will receive booth space in the two other buildings.

If the top and 155,000-sq.-ft. lower floor—for lawn and garden overflow, international exhibitors and government pavillions—are not ready, exhibitors will move to their 1985 locations and new exhibitors will be assigned space on "the basis of availability."

Deposits to vendors who may be bumped will be refunded, Prazmark said.

The McCormick expansion has been plagued with cost overruns, contractor problems and management difficulties resulting in delays. The planned May 12th opening in time for the June 1 Consumer Electronics Show was scrubbed late last year. A week before the National Home Center Show in February, the prime electrical contractor walked off the job. The contractor filed suit against the McCormick Place authority over payments and, at present, the electrical contract is again out for bids.

Some potential Hardware Show exhibitors have delayed building their expensive booths until final notification.

"We've delayed building our booth until we know whether we've got more space," said Steve Martin, marketing services manager for Hunter Fan, Memphis, Tenn. "For five years we've had 600 sq. ft. in a 10-ft. x 60-ft. booth. We've requested 1,000 sq. ft. for a 25-ft. x 40-ft. booth . . . that will cost between $150,000 and $200,000."

Rain Bird Sprinkler Manufacturing Co., Glendora, Calif., is in a similar situation. "We've been in the same booth for at least 10 years and now we've received a booth in the annex [addition]," said Carole Allaway. "But since we have no firm space we can't build an exhibit." In the past, Rain Bird had a 1,100-sq.-ft. space but wants to build a 1,900-sq.-ft. one for 1986. Rain Bird has already signed a contract with the exposition group and sent in a $6,737 deposit check.

Vermont-American's Gilmour Group faces the prospect of losing more than 75% of its space if the expansion fails to open.

In 1985, due to a number of acquisitions, the Gilmour Group had three booths, the largest of which was 550 sq. ft. If the proposed 1986 space of 2,400 sq. ft. in McCormick Place North falls through "we'll cram everything into the 10-ft. x 50-ft. space," said Linda Neill, advertising and merchandising manager.

An exhibit builder in Chicago was told by McCormick Place officials the expansion would open with bathroom facilities but without air conditioning. Gene Bacon, assistant gm of McCormick Place, scoffed at the idea.

Grace sells 56% stake in Herman's; talks continue on other retail units

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One outside team headed by former ITT Chairman Harold Geneen reportedly had earlier offered Grace $700 million for the retail group. With Herman's out, the remaining units are now "more affordable—in the $460 million to $470 million range," according to one source.

However, insiders say it does not appear that Grace is planning to immediately announce its strategy in disposing of the remaining retail units.

On March 20, Grace issued a statement saying it continues "carrying on discussions with numerous prospective buyers for the remaining portions" of the retail group.

The company said that Herman's, which currently operates 131 stores in the Northeast, Midwest and Mid-Atlantic regions, will be acquired by the Dee Corp. PLC of the United Kingdom in a deal totally valued at $410 million.

Grace expects to report an after-tax gain of approximately $110 million, or $2.63 per share, from the sale. Proceeds will be used to partially repay indebtedness incurred to finance the purchase earlier this year of Grace shares originally held by the Flick Group of West Germany, the company said.

Grace originally purchased the family-owned Herman's in 1970 for $7.9 million, when the sporting goods retailer operated three stores in the New York metropolitan area. An initial public offering of Herman's took place in March 1985 at an offering price of $16.50. The Dee Corp. agreed to make a tender offer for all of the stock of Herman's at $35.25 per share, in cash.

"The terms of this transaction have demonstrated Herman's value, and we believe future developments will bear out the value of Grace's other consumer businesses as well," said J. Peter Grace, chairman and ceo of Grace.

The Grace company entered the home center business in 1976 with the purchase of Atlanta-based Handy City, and, growing the chain primarily through acquisition of existing DIY businesses, became the first home center operator to have stores coast to coast.

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Home centers fastest growing in TV ads:TvB

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"Builders Emporium increased its market share, showing the effectiveness and efficiency of both print and TV advertising."

As Lowe's, based in North Wilkesboro, N.C., added stores to its existing markets in 1985 so it was able to afford TV in more markets like Nashville, and Louisville, according to Ralph Buchan, vp advertising. This factor, together with grand opening spots, resulted in an increase in TV spending to $2.34 million, 33% above 1984.

"In 1984 we ran more institutional spots than in 1985,"said Buchan. "We found we could do both together in 1985."

Scotty's, the Winter Haven,Fla.-based chain, was notably absent from the top 15 list as it cut back on its TV advertising expenditure in 1985 to finance the introduction of its major print campaign centering on flexi catalogs. Sutherland Lumber, based in Kansas City, Mo., also decreased its TV spending by 35% yet still ranked among the leading chains in tenth position.

Advertising executives do not envisage any slowdown in TV spending in 1986.